

ASX Release

22nd August 2019

OTHERLEVELS HOLDINGS LIMITED – FULL YEAR RESULTS 2019

OtherLevels Holdings Limited (ASX: OLV) (“OtherLevels” or the “Company”) today releases its results for the year ended 30 June 2019.

Key Financial Highlights for the period:

- 7% increase in revenue to \$5.6m, from \$5.25m in FY18.
- 10% increase in licence revenue from \$3.6m to \$3.9m.
- Annualised cost base reduction of \$1.3m going into FY20.
- Cash receipts of \$5.35m, down from \$5.62m in FY18.
- EBITDA loss of \$1.7m compared with a loss of \$1.1m in FY18.
- Net Loss after tax of \$3.4m compared with a loss of \$1.7m in FY18.

Operational Achievements and Highlights

The Company made steady progress during FY19 including signing up 7 new clients during the year, the successful acquisition and integration of XCOM Media and increasing its success and presence in the emerging US sport betting market.

However, FY19 also presented various challenges including delays in securing new business, particularly in H1 FY19, consolidation within the UK wagering sector and resulting impact upon OtherLevels clients, and the lead time in the US for operators to obtain sports betting licences as enabling legislation is enacted on a state by state basis.

Total group revenues for FY19 was A\$5.6m, a 7% increase over FY18. The FY19 EBITDA was a loss of \$1.7m and Net Loss After Tax was \$3.4m due to increases in depreciation/amortisation, foreign currency losses, minimum lease payment treatment and interest expense.

Licence revenues increased by 10% from \$3.6m in FY18 to \$3.9m and represented 71% of total FY19 revenues. The Managed services revenue stream increased by 87% from \$421,977 to \$788,850. Professional services decreased by 49% from \$1.2 to \$0.6m and represented 11% of FY19 revenues.

UK operations constituted 44% of total group revenue, Australia operations contributed 34% and the US operations 22%. Revenue from Australian operations increased from \$0.9m to \$1.9m boosted by XCOM’s contribution. US operations had a 33% increase in revenue from \$0.9m to \$1.2m.

In May 2019, OtherLevels established a Convertible Note facility of \$1.0m, which has now been fully underwritten by both of us as the Chairman and Managing Director, with the option to convert to shares subject to shareholder approval.

OtherLevels also applied for a Research and Development rebate of \$0.5m for the FY19 year, with the refund expected in Q1 FY20.

FY20 Strategy

The lower than forecast results in FY19 led to a detailed review by the Board of the Company's cost base and sales and go to market model.

As a result the company restructured certain roles which, together with other savings, has reduced our annualised cost base by approximately \$1.3m, with the bulk of these reductions being realisable from the start of FY20.

The Company will focus on four core sales objectives in FY20 which include:

- Retain and extend OtherLevels installed client base;
- Amplify OtherLevels opportunity in the global wagering and sportsbook markets via distribution channels;
- Continue to seek further opportunities in the mid-market in Australia and New Zealand, based on the successful acquisition of XCOM; and
- Grow OtherLevels presence in selective sectors where we have established clients, in particular travel and hospitality.

The Board believes these actions will significantly improve the performance of the business, improve efficiency and maximise our sales potential.

The Board believes the company remains significantly undervalued, compared with many early stage companies, listed on the ASX or held privately. OtherLevels has demonstrable and valuable intellectual property, a range of market leading clients and a high proportion of recurring revenue streams. It is the Board's objective to see the value of the company more truly reflected in its valuation.

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About OtherLevels

OtherLevels is a leading second-generation digital marketing platform operating in Europe, the US and Australia.

The OtherLevels platform enables clients to **acquire sooner, engage smarter** and **retain longer** across desktop, mobile web and apps audiences. The OtherLevels platform offers both **Intelligent Messaging for Conversion**, and **Intelligent Messaging for Marketing Clouds and CRM**, hence delivering both acquisition and engagement capabilities for digital marketers.

For more information, please visit <http://otherlevels.com>.

For media enquiries please contact media@otherlevels.com.